

The South Carolina Supreme Court Issues An Opinion in a Case Involving the TERI Program

In Medical University of South Carolina v. Arnaud, Op. No. 25866 (Filed Sep. 7, 2004), the South Carolina Supreme Court issued its first decision relating to the Teachers and Employees Retention Incentive [TERI] Program. Created in 2000 and effective January 1, 2001, the TERI Act, S.C. Code Ann. § 9-1-2210 (Supp. 2003), is South Carolina's version of a deferred retirement option program. The TERI Program allows employees who are retirement eligible to elect to retire and defer their retirement benefits while continuing employment with a covered employer for a period of time not to exceed five years. During participation in the TERI Program, the employees' receipt of their retirement benefits is deferred until they terminate their participation in the TERI Program. Id.

Dr. Arnaud entered into an Agreement of Resignation with the Medical University of South Carolina (MUSC) in 1998. This agreement provided that Dr. Arnaud irrevocably resigned his employment with MUSC as of June 30, 2002, in exchange for a ten percent base-salary increase for the fiscal years of 1998/1999, 1999/2000, 2000/2001, and 2001/2002. In August 2001, Dr. Arnaud learned about the TERI Program. His impression was that, if he entered the TERI Program, his participation in the program would give him the right to keep his position at MUSC after June 30, 2002. Dr. Arnaud entered the TERI Program effective October 1, 2001. The Dean of MUSC wrote Dr. Arnaud a letter on October 22, 2001, informing him that, although he had entered the TERI Program, he would still have to retire at the end of June 2002 in accordance with the 1998 Agreement of Resignation.

MUSC filed a breach of contract and declaratory judgment action against Dr. Arnaud following his refusal to leave his employment. The trial court granted MUSC summary judgment on its breach of contract claim and found that MUSC was entitled to specific performance in the form of Dr. Arnaud's immediate resignation.

On appeal, Dr. Arnaud argued that the trial court erred in granting summary judgment to MUSC. Nevertheless, the South Carolina Supreme Court found Dr. Arnaud's contentions unpersuasive and concluded that the trial court did not err by granting summary judgment in favor of MUSC.

This decision is noteworthy because it is the South Carolina Supreme Court's first opinion addressing the TERI Act. As a part of the TERI Act, the South Carolina General Assembly provided: "While program participants retain the same rights to their positions they held prior to entering the program, participation in the TERI program does not guarantee employment for the specified program period." S.C. Code Ann. § 9-1-2210(A) (Supp. 2003). The South Carolina Supreme Court noted this language as part of its opinion. While the opinion hinged on a technical argument concerning the appropriateness of summary judgment, the Court recognized that an employee's participation in the TERI Program did not change a state employee's agreement to resign on a particular date.